

## ARTICLE FOR CAP NEWS

# TEN-FOURTY– IT'S TAX TIME AGAIN

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We all like to daydream about what we will do with those juicy tax refunds we expect to receive shortly after filing our annual income tax returns. But before we get to filing those returns we have to gather up our records to prepare the return, or to have it prepared for us. Here is some information that may help you to get the maximum tax advantage out of your participation in Civil Air Patrol.

Civil Air Patrol has been designated by the IRS as a charitable organization for which contributions are deductible from one's individual income taxes. However, to take advantage of the charitable deduction one must itemize deductions. That is, if one takes a "standard deduction" there is no additional deduction for charitable contributions. Charitable contributions are taken on Schedule A of the IRS form 1040.

CAP volunteers may incur substantial expenses in performing their duties. The IRS has held (Rev. Rul. 58-279, 1958-23 IRB 12) that we may deduct, subject to certain limitations, the nonreimbursed, out-of-pocket expenses directly attributable to the performance of our volunteer services, such as those incurred for the operation, maintenance, and repair of a personally owned aircraft, automobile, or communication system. We may also deduct the costs incurred for the purchase and maintenance of distinctive uniforms that we are required to wear while engaged in official Civil Air Patrol activities and are prohibited from wearing except on such occasions.

The expenses that are deductible are those incurred for the operation, maintenance and repair of equipment which are directly attributable to the use of the aircraft, automobile or communication system in performing voluntary services for CAP. No deduction is allowed for a proportionate share of general maintenance or general repairs to such equipment. The fair rental value may not be used to calculate the cost of operation and no deduction is allowed for depreciation. Also, the cost of insurance on a vehicle or aircraft is not deductible. In lieu of calculating the actual cost to operate a motor vehicle, the IRS allows the use of a standard mileage rate. For 2001, the mileage rate for charitable deductions is fourteen cents per mile.

For most members, unless reimbursed or paid by CAP, the deduction may include:

- National, Region, Wing and Unit annual membership dues
- The cost of purchasing and maintaining Air Force style or CAP distinctive uniforms
- Telephone calls or facsimile transmissions and receipts associated with CAP business

- The direct cost of operating motor vehicles when on CAP business (or the standard mileage rate times the number of miles driven on CAP business) plus the costs of tolls and parking
- The direct operating costs of privately owned aircraft when used on CAP business
- The registration fees and travel to and from missions, exercises, and meetings, including Wing and Region conferences, Board of Governors Meetings, National Board meetings and meetings of the National Executive Council
- The direct costs of proficiency flying to maintain mission pilot, mission observer or mission scanner skills when on an Air Force assigned mission (a "B12" or "B18" mission)

Maintaining accurate records and retaining the documentation is the key to maximizing your deduction. Since everyone's tax situation is unique, you should seek competent tax counsel to apply the IRS guidelines to your specific fact situation.